



## Legislation Text

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**File #:** 20-476, **Version:** 2

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Ordinance No. 20-61 amending Article 7 (Sales and Use Tax) of Chapter 2 (Business Licensing, Liquor Regulation and Taxation) of the Code of the City of Colorado Springs 2001, as amended, Pertaining to a Change to the Sales and Use Tax Rate from Three and Twelve One-Hundredths Percent (3.12%) to Three and Seven One-Hundredths Percent (3.07%)

**Presenter:**

Charae McDaniel, Chief Financial Officer

**Summary:**

At the November 5, 2019, special municipal election, the voters of the City approved a ballot question authorizing an extension of the existing temporary sales and use tax levy at a rate reduced from 0.62% to 0.57% in City sales and use tax dedicated solely to road repair, maintenance and improvements.

The attached Ordinance modifies the relevant sections of Article 7, Chapter 2 of the Code of the City of Colorado Springs to amend the rate of sales and use tax from three and twelve one hundredth's percent (3.12%) to three and seven one hundredth's percent (3.07%).

A related Ordinance amends sections within Article 6 of Chapter 1 - Part 11 Road Repair, Maintenance, and Improvements Sales and Use Tax Fund.

The tax levy established in this ordinance shall apply to all transactions occurring on or after January 1, 2021.

**Background:**

By voter approval, the City of Colorado Springs is authorized to extend the temporary City sales and use tax levy (rate) for road repairs and improvements for a five year period, at a rate reduced from 0.62% to 0.57%, to be used solely for road repairs and improvements. The amount of revenue raised in the extended period would be a voter approved revenue and spending change exempt from otherwise applicable revenue/spending limitations under City Charter § 7-90 and Article X, § 20 of the Colorado Constitution.

As approved, the effective City tax rate of 3.12% is decreased by 0.05%, to 3.07% as of January 1, 2021. This tax will sunset (expire) exactly five (5) years from the date of its implementation and will not affect or apply to purchases of food for domestic home consumption, prescriptions, residential utility bills or other items exempt from City sales and use tax under the City Code.

**Previous Council Action:**

N/A.

**Financial Implications:**

The expenditure of these revenues for road repairs and improvements is to be in addition to, and not in lieu of, amounts currently being expended by the City for road maintenance and improvements.

During the period the temporary sales and use tax is in effect, the City will maintain spending on repair and maintenance of roads and streets at the average of the City's annual spending amount for such repair and maintenance during fiscal years 2012, 2013 and 2014. The City Auditor has performed, and will continue to perform, an annual audit to verify the City spending.

**City Council Appointed Board/Commission/Committee Recommendation:**

N/A

**Stakeholder Process:**

This request was discussed with the City Council Budget Committee on August 11, 2020

**Alternatives:**

N/A

**Proposed Motion:**

Move approval of the Ordinance Amending Article 7 (Sales and Use Tax) of Chapter 2 (Business Licensing, Liquor Regulation and Taxation) of the Code of the City of Colorado Springs 2001, as amended, Pertaining to a Change to the Sales and Use Tax Rate from Three and Twelve One-Hundredths Percent (3.12%) to Three and Seven One-Hundredths Percent (3.07%).

An Ordinance Amending the Code of the City of Colorado Springs to change the Sales and Use Tax Rate from Three and Twelve One-Hundredths Percent (3.12%) to Three and Seven One-Hundredths Percent (3.07%).